

Message Text

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ACTION TRSE-00

INFO OCT-01 EUR-12 ISO-00 SS-15 NSCE-00 EB-08 SP-02
L-03 CIAE-00 INR-07 NSAE-00 OMB-01 /049 W
-----072702 211517Z /53-L
P 211345Z NOV 77
FM AMEMBASSY LISBON
TO SECSTATE WASHDC PRIORITY 3844

C O N F I D E N T I A L LISBON 8972

DEPT PASS WHITE HOUSE FOR TREVERTON AND DENIS CLIFT
DEPT PASS TREASURY FOR SYVRUD

E.O. 11652: GDS
TAGS: ECON, EFIN, PO
SUBJ: FINANCIAL ASSISTANCE FOR PORTUGAL

REF: LISBON 8714

1. EMBASSY HEREBY REPEATS ITS REQUEST (REFTEL) TO PROCEED IMMEDIATELY WITH NEGOTIATIONS ON U.S. \$300 MILLION LOAN TO PORTUGAL UNDER COORDINATED INTERNATIONAL LENDING PROGRAM. ANNOUNCEMENT THAT U.S. AND GOP INITIATING NEGOTIATIONS ON THE LOAN WOULD PROVIDE SIGNIFICANT BOOST TO GOP IN ITS NEGOTIATIONS WITH OPPOSITION PARTIES FOR A COMMON POLICY PLATFORM. NEGOTIATIONS WOULD BE SEEN AS CONTINUED USG SUPPORT FOR GOP DISCUSSIONS WITH IMF. THEY WOULD CLEARLY SIGNAL OUR CONTINUED FIRM SUPPORT FOR A DEMOCRATIC SOLUTION TO PORTUGAL'S CURRENT POLITICAL/ECONOMIC CRISIS.

2. CONCLUSION OF US/GOP AGREEMENT AT THIS TIME WOULD NOT DISCOURAGE GOP FROM CONCLUDING AGREEMENT WITH IMF, NOR WOULD IT COMMIT US TO DRAW INITIAL \$200 MILLION AUTOMATICALLY. DEPENDING ON GOP PROGRESS IN CONCLUDING AGREEMENT WITH OPPOSITION PARTIES, AS WELL AS ITS DISCUSSIONS WITH IMF, WE WILL STILL HAVE TO MAKE JUDGMENT AS TO WHETHER
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WE SHOULD REQUEST LETTER FROM IMF. IN FACT, SERIOUS QUESTION MAY ARISE AS TO WHETHER IMF IS PREPARED TO PROVIDE THE REQUIRED LETTER. ON THE OTHER HAND, CONCLUSION OF OUR BILATERAL AGREEMENT WOULD POSITION US TO MOVE QUICKLY ON THE \$200 DRAWDOWN WHEN AND IF WE DECIDE TO DO SO.

3. EMBASSY STILL BELIEVES THAT IT IS IN OUR INTEREST

THAT THE PORTUGUESE BORROWER BE THE BANK OF PORTUGAL RATHER THAN THE GOVERNMENT OF PORTUGAL. WE HOPE THIS PROCEDURE WILL PROVE ACCEPTABLE. IF WASHINGTON AGENCIES HAVE NOT CONCLUDED THEIR CONSIDERATION OF THIS ISSUE, WE REQUEST AUTHORIZATION TO INITIATE NEGOTIATIONS, BUT TO RESERVE OUR POSITION ON THIS QUESTION. WE WISH TO EMPHASIZE THAT, ABOVE ALL, WE BELIEVE IT IS ESSENTIAL TO MOVE PROMPTLY IN ORDER TO HAVE A DESIRABLE IMPACT.

4. EMBASSY HAS DISCUSSED FOREGOING WITH NSC STAFF OFFICER ROBERT HUNTER. LATTER CONCURS IN RECOMMENDATION. CARLUCCI

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, FOREIGN ASSISTANCE PROGRAMS
Control Number: n/a
Copy: SINGLE
Sent Date: 21-Nov-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Secure: OPEN
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Subject: FINANCIAL ASSISTANCE FOR PORTUGAL
TAGS: ECON, EFIN, PO
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